

# Balance of International Payments

## First Quarter of 1950

During the first quarter of 1950 the balance of international payments of the United States reflected the recent progress foreign countries had been able to make toward a new postwar equilibrium in their international transactions. In addition to an analysis of these developments, revisions of balance of payment data for the years 1946 to 1949 are presented.

AT THE conclusion of the second year of the European Recovery Program, which was reached with the end of the first quarter of 1950, the United States export surplus of goods and services had declined to the lowest point of the entire postwar period. The export surplus during the first quarter of 1950, at an annual rate, was \$10 billion below the postwar peak in the second quarter of 1947. This was brought about by a decline in exports of goods and services of \$8.3 billion, and by an increase in imports of goods and services of \$1.7 billion, both at annual rates. The export drop from the abnormally high total of 3 years ago was thus by far the more important factor of the two. While the decline reflects smaller U. S. Government aid available to finance foreign purchases in the United States, improved supply-demand relationships abroad also played an important part in reducing foreign dependence on the United States as a source of supply.

### *Reduced means of financing*

The decline in Government aid disbursements from an annual rate of \$8.7 billion at the time of the peak export surplus in 1947 to \$4.4 billion during the first quarter of 1950 accounted for 38 percent of the decline in the means of financing the export surplus and the unaccounted for transactions; changes in dollar disbursements by the International Bank and the Monetary Fund and in private United States capital and remittances accounted for about 9 percent.

In addition to using these loans and gifts from the United States or from the international institutions, foreign countries in the second quarter of 1947 reduced their own gold and dollar holdings at an annual rate of \$4.1 billion, whereas in the first quarter of 1950 such assets were accumulated (accumulations through transactions with the United States only) at a rate of \$1.9 billion. This net change in the movement of foreign reserves of \$6 billion at annual rates appears to have been equally as important as the decline in United States Government and private funds in reducing the means of financing the export surplus.

The need of foreign countries to curtail spending from their reserves was, of course, partly due to the decline in the reserves themselves. Total foreign gold and dollar holdings (excluding those of the International Bank, the Monetary Fund, and the USSR) had declined from \$19.3 billion at

the end of 1946 to \$15.2 billion at the end of 1949. The ability of foreign countries to accumulate reserves, in spite of greatly reduced United States Government aid, indicates, however, a genuine improvement in their economic situation.

Table 1 indicates that the change from a foreign sale to an accumulation of gold and dollars characterized all areas, but that it was most pronounced in the ERP countries and Canada.

The improvement in the international economic situation is indicated by the increased ability of foreign countries as a whole to meet their needs from their own resources. Despite the decline of United States merchandise exports from \$15.4 billion in 1947 to \$12 billion in 1949, foreign countries in the aggregate were able to raise their imports from \$50 to \$55 billion during the same period. This trend corresponds to the development which should be expected as a result of the increase in the capacity of foreign countries to produce and of the decline in some of their domestic demands after meeting the most important postwar reconstruction and replacement requirements.

The widespread devaluation of currencies in 1949 has probably speeded up these developments by reducing foreign demand for some imports from the United States and other countries with relatively stable currencies, and by stimulating exports of the devaluing countries to rise relatively faster than their production. The full effects of the devaluations as such on the foreign trade of the United States, however, cannot be separated statistically from other measures taken abroad to conserve dollar exchange, such as intensified exchange restrictions and bilateral trade agreements. Nevertheless, it seems to be of some significance that during the fourth quarter of 1949 European countries were able to increase the volume of exports by about 17 percent after it had remained unchanged for about a year. United States exports in contrast did not rise during the same period and actually fell during the following quarter.

The improved position of the ERP countries vis-a-vis the rest of the world is also indicated by the apparent decline of dollars transferred to other areas. During the 3 years, 1947 to 1949, the quarterly average of such transfers (and other dollar transactions unaccounted for in the balance of payments) amounted to \$465, \$400 and \$500 million, respectively. In the first quarter of 1950 such transfers from ERP countries were only about \$50 million.

Since the unaccounted-for transactions in the balance of payments with all areas did not show a similar change, the decline of this figure for the ERP countries can be considered as an indication of their improved balance-of-payments position with the rest of the world. Correspondingly, the same data show that Latin America, which had been a net receiver of dollars from countries other than the United States from the end of the war until the end of 1949, apparently had to pay to other areas nearly \$100 million net during the first quarter of 1950. Canada's apparent dollar receipts from other areas fell from a quarterly rate of \$140 million in 1949 to only \$40 million in the first quarter of 1950. The dependencies, which had a balance-of-payment deficit with

Table 1A.—International Transactions of the United States, by Area,<sup>a</sup> 1946, 1947

(Millions of dollars)

Item	1946					ERP countries	ERP dependent areas	Other Europe	Canada and Newfoundland	Latin American Republics	All other countries	International institutions
	I	II	III	IV	Year							
<b>Exports of goods and services:</b>												
Merchandise, adjusted	2,675	3,146	2,014	2,937	11,672	4,262	500	1,024	1,469	2,148	2,279	
Transportation	379	339	333	300	1,420	707	63	30	59	229	212	
Travel	45	58	83	66	262	29	4	4	125	77	11	
Miscellaneous services:												
Private	112	113	108	127	460	230	8	13	41	74	51	44
Government	64	32	16	16	128	88	3		2	20	7	8
Income on investments:												
Private	167	188	172	272	789	93	20	4	218	329	95	
Government	0	2	8	4	21	14			(*)	6	2	
<b>Total</b>	<b>3,338</b>	<b>3,897</b>	<b>3,784</b>	<b>3,722</b>	<b>14,741</b>	<b>5,478</b>	<b>598</b>	<b>1,125</b>	<b>1,854</b>	<b>2,883</b>	<b>2,637</b>	<b>52</b>
<b>Imports of goods and services:</b>												
Merchandise, adjusted	1,942	1,239	1,254	1,433	5,188	787	320	313	900	1,882	1,002	85
Transportation	138	143	163	153	599	299	23	21	82	154	51	
Travel	61	102	109	106	467	58	11	4	209	164	11	
Miscellaneous services:												
Private	34	34	34	35	137	105	(*)	1	15	13	3	
Government	135	59	80	79	396	-33	26	6	5	36	335	11
Income on investments:												
Private	43	44	49	63	201	143	2	(*)	40	9	7	
Government	4	4	4	3	15	3			4	1	7	
<b>Total</b>	<b>1,977</b>	<b>1,651</b>	<b>1,764</b>	<b>1,871</b>	<b>6,963</b>	<b>1,812</b>	<b>381</b>	<b>344</b>	<b>1,258</b>	<b>2,258</b>	<b>1,415</b>	<b>96</b>
<b>Balance on goods and services</b>	<b>+1,661</b>	<b>+2,246</b>	<b>+2,030</b>	<b>+1,851</b>	<b>+7,778</b>	<b>+4,161</b>	<b>+217</b>	<b>+881</b>	<b>+596</b>	<b>+625</b>	<b>+1,222</b>	<b>-44</b>
<b>Unilateral transfers (net):</b>												
Private	-127	-181	-198	-208	-679	-214	-35	-114	-8	-42	-149	-17
Government	-757	-996	-891	-861	-2,288	-408	-4		-8	-19	-267	-1,527
<b>Total</b>	<b>-884</b>	<b>-877</b>	<b>-847</b>	<b>-859</b>	<b>-2,967</b>	<b>-722</b>	<b>-39</b>	<b>-114</b>	<b>-11</b>	<b>-61</b>	<b>-416</b>	<b>-1,544</b>
<b>Balance on goods, services, and unilateral transfers (net foreign investment)</b>	<b>+777</b>	<b>+1,369</b>	<b>+1,373</b>	<b>+1,262</b>	<b>+4,811</b>	<b>+3,379</b>	<b>+178</b>	<b>+767</b>	<b>+687</b>	<b>+564</b>	<b>+806</b>	<b>-1,589</b>
<b>United States capital (net):</b>												
Private long-term	-71	-38	+30	+14	-59	-23	-5	+21	-86	+76	-92	
Private short-term	-39	-81	-104	-86	-310	-154	-6	-10	-4	-67	-74	
Government long-term	-494	-698	-1,076	-1,116	-3,262	-2,286	-53	-290	(*)	-66	-254	-328
Government short-term	+67	+110	+37	+30	+260	+180	-7		+1	+11	+30	
<b>Foreign capital (net):</b>												
Long-term	-156	-33	-143	-16	-347	-113	-24	-3	-13	+4	-200	
Short-term	+106	-283	-39	-333	-632	-388	+36	+51	-389	+119	-338	+448
<b>Increase (-) or decrease (+) in United States gold stock</b>	<b>-227</b>	<b>-61</b>	<b>-77</b>	<b>-288</b>	<b>-623</b>	<b>-388</b>	<b>-5</b>	<b>-16</b>	<b>-43</b>	<b>-168</b>	<b>-304</b>	<b>+69</b>
<b>Transfers of funds between foreign areas (receipts from other areas (-), payments to other areas (+), and credits and disbursements)</b>	<b>+48</b>	<b>-29</b>	<b>+62</b>	<b>+35</b>	<b>+179</b>	<b>-235</b>	<b>-107</b>	<b>-564</b>	<b>-28</b>	<b>-694</b>	<b>-208</b>	<b>+1,394</b>

  

Item	1947					ERP countries	ERP dependent areas	Other Europe	Canada and Newfoundland	Latin American Republics	All other countries	International institutions
	I	II	III	IV	Year							
<b>Exports of goods and services:</b>												
Merchandise, adjusted	2,926	4,373	3,647	3,921	16,977	6,728	375	491	2,118	3,859	2,927	41
Transportation	431	477	446	414	1,788	1,017	64	48	78	273	310	
Travel	88	94	160	71	342	55	10	5	162	98	22	
Miscellaneous services:												
Private	120	118	117	117	472	240	8	8	44	62	50	40
Government	15	23	15	16	71	24	1	1	2	26	13	4
Income on investments:												
Private	236	277	235	349	1,080	110	32	3	302	468	166	
Government	14	6	28	6	66	43	(*)	8	(*)	6	8	
<b>Total</b>	<b>4,804</b>	<b>5,388</b>	<b>4,530</b>	<b>4,886</b>	<b>19,758</b>	<b>7,217</b>	<b>520</b>	<b>563</b>	<b>2,694</b>	<b>4,815</b>	<b>3,483</b>	<b>86</b>
<b>Imports of goods and services:</b>												
Merchandise, adjusted	1,599	1,583	1,380	1,698	6,100	843	520	165	1,133	2,206	1,063	39
Transportation	174	199	193	190	781	380	28	14	92	188	59	
Travel	97	128	233	90	548	100	22	5	241	166	14	
Miscellaneous services:												
Private	45	44	48	45	181	141	1	1	10	18	4	
Government	107	108	97	140	450	142	13	13	11	44	190	28
Income on investments:												
Private	50	60	49	74	235	181	2	1	30	10	9	
Government	6	3	3	4	16	2	1	(*)	2	1	5	4
<b>Total</b>	<b>1,886</b>	<b>2,103</b>	<b>1,963</b>	<b>2,112</b>	<b>8,289</b>	<b>1,289</b>	<b>687</b>	<b>231</b>	<b>1,623</b>	<b>2,733</b>	<b>1,274</b>	<b>53</b>
<b>Balance on goods and services</b>	<b>+2,912</b>	<b>+3,165</b>	<b>+2,344</b>	<b>+2,696</b>	<b>+11,647</b>	<b>+5,428</b>	<b>+243</b>	<b>+331</b>	<b>+1,071</b>	<b>+2,082</b>	<b>+2,409</b>	<b>+42</b>
<b>Unilateral transfers (net):</b>												
Private	-174	-145	-162	-184	-666	-364	-19	-123	-48	-34	-117	-6
Government	-480	-472	-531	-494	-1,947	-730	+3	-1	-24	-47	-361	-377
<b>Total</b>	<b>-654</b>	<b>-617</b>	<b>-693</b>	<b>-678</b>	<b>-2,613</b>	<b>-1,094</b>	<b>-16</b>	<b>-134</b>	<b>-72</b>	<b>-81</b>	<b>-478</b>	<b>-383</b>
<b>Balance on goods, services, and unilateral transfers (net foreign investment)</b>	<b>+2,258</b>	<b>+2,582</b>	<b>+1,651</b>	<b>+2,018</b>	<b>+9,034</b>	<b>+4,334</b>	<b>+227</b>	<b>+197</b>	<b>+1,049</b>	<b>+1,961</b>	<b>+1,931</b>	<b>-341</b>
<b>United States capital (net):</b>												
Private long-term	-166	-115	-303	-172	-810	-130	-32	-16	+185	-387	-127	-243
Private short-term	-127	-82	+3	+15	-169	+37	+1	-23	+16	-226	-14	
Government long-term	-3,772	-1,406	-1,223	-345	-6,649	-3,649	+12	-46	(*)	-36	-83	-3,083
Government short-term	+13	-292	+123	+43	-128	-15	+10	+4	+12	-120	+4	
<b>Foreign capital (net):</b>												
Long-term	-48	-13	-61	+26	-96	-187	+2	-7	+8	-4	+17	+75
Short-term	+1,479	-379	-115	-355	+339	-814	-123	+28	-510	+194	-379	+1,804
<b>Increase (-) or decrease (+) in United States gold stock</b>	<b>+81</b>	<b>-793</b>	<b>-848</b>	<b>-734</b>	<b>-2,162</b>	<b>-1,447</b>	<b>+4</b>	<b>-27</b>	<b>-313</b>	<b>-809</b>	<b>-278</b>	<b>+467</b>
<b>Transfers of funds between foreign areas (receipts from other areas (-), payments to other areas (+), and credits and disbursements)</b>	<b>+162</b>	<b>+522</b>	<b>+254</b>	<b>+33</b>	<b>+364</b>	<b>+1,347</b>	<b>-173</b>	<b>-107</b>	<b>-506</b>	<b>-524</b>	<b>-681</b>	<b>+1,399</b>

<sup>a</sup> Revised.

Source: U. S. Department of Commerce, Office of Business Economics.

the United States throughout 1949 and were, therefore, a drain upon the ERP countries' dollar resources, became again a source of dollars for other areas, presumably their mother countries.

### *Transactions move toward sustainable pattern*

As pointed out below, the rate of the recent decline in the foreign deficit may be due to special and temporary circumstances, and may, therefore, overstate the actual progress made by foreign countries in balancing their accounts with the United States. With these reservations, the size of the foreign deficit as well as the pattern of multilateral flow of dollar funds during the first quarter of 1950 appears to have moved towards an equilibrium which might under favorable circumstances be sustainable after the end of the European Recovery Program.

Speaking in aggregative terms and putting aside for the moment some of the basic imbalances in the parts, this would require private long-term capital and private remittances to continue at the 1949 or first quarter 1950 rate, making \$1.2 to \$1.4 billion available to foreign countries. United States purchases of newly mined gold could add about one-half to three-quarters of a billion dollars. Loans by the Export-Import Bank and the International Bank as well as aid to countries in special circumstances might provide several hundred million more. These funds less the portion needed for transactions which now remain unaccounted for could support a foreign deficit of a magnitude not much below that reached in the first quarter of 1950.

The deficit of the ERP countries would, under such circumstances, have to be financed with gold obtained mainly from Africa, and with dollars obtained from Latin America, the dependencies, and some of the other countries, particularly those in the sterling area. The latter countries would have to obtain the dollars through a surplus in their transactions with the United States, which, though still small, had already developed in the first quarter of 1950.

Although the first quarter transactions with the rest of the world as a whole may appear to be not far from the size and pattern of trade and other transactions which may be expected after the end of the European Recovery Program, the new equilibrium has not yet been reached and the need for Government aid during the remaining years of this program still continues.

The deficit of the ERP countries on goods and services, which—despite the great decline of their purchases in the United States—still amounted to over \$2 billion at an annual rate during the first quarter, was too large to be supported from dollars or gold obtained from other areas unless the ERP countries' capacity to export is greatly increased. Bilateral trade agreements might be successful in raising Europe's exports to the amount required to pay for imports from the countries with which such agreements are concluded. However, in order to obtain the dollars to pay for a deficit with the United States, Europe would have to raise her exports of goods and services above the amount required to pay for imports from, and to repay loans to, countries other than the United States. The ability to achieve and expand an actual balance-of-payments surplus with the rest of the world (excluding the United States) will be the test of Europe's ability to dispense with extraordinary economic aid from the United States.

To the extent that Western Europe will not be able to earn dollars through expanded exports to countries other than the United States, the deficit of Western Europe with the United States will in the long run have to decline as Government aid diminishes. Although United States imports from that area can be expected to continue the rise which started after the devaluations, most of the decline in the deficit will result from smaller purchases by Western Europe

in this country, continuing the trends which can be observed since the postwar peak of the United States export surplus with Europe in 1947. In the short run, however, the fact that some countries were not using all their dollar receipts for current expenditures makes it possible for them to sustain these expenditures for some time even if the dollar receipts—from smaller aid or possibly smaller imports by the United States—decline somewhat.

This applies particularly to the United Kingdom and the rest of the sterling area, whose gold and dollar reserve at the end of the first quarter 1950 was higher than at the end of March 1949, before the crisis which culminated in the devaluation had started.

Rather than increasing gold and dollar assets several countries used a part of their current dollar receipts in the first quarter to repay short-term dollar liabilities. Most significant of these was Brazil, which used the increased dollar receipts resulting from the higher prices for coffee to repay more than half of its outstanding short-term debt to the United States. Notable repayments on short-term advances were also made by Mexico and Chile. After this reduction of short-term debts terminates and if their current dollar receipts continue at the present rate, these countries will have more dollar funds available for current expenditures. The total value of United States exports and services may thus temporarily rise again and, therefore, interrupt the decline which has continued since the third quarter of 1949.

### *Increase in imports may be temporary*

While it thus appears that exports during the first quarter of 1950 had declined somewhat below the trend in evidence since 1947, and which is expected to continue until a new equilibrium is reached, imports appear to have been slightly increased by some temporary factors. Additions to stocks of 10 major commodities, for which data are available and imports of which were \$766 million or 41 percent of total imports, during the first quarter amounted to about \$34 million or about 4.5 percent of their import value. This compares to reductions in stocks of the same commodities by \$41 million or 5.7 percent of the import value of the same commodities during the preceding quarter. Although a part of the rise in stocks during the first quarter of 1950 was seasonal, the current utilization of imported materials had increased less than the imports themselves.

Another important factor raising the value of imports from the last quarter of 1949 was the increase in the unit value of coffee from an average of 31 cents to 40.6 cents per pound. This increase accounted for \$64 million or about half of the total rise of imports from the fourth quarter of 1949 to the first quarter of 1950. Although the recent rise in wholesale prices of coffee was not yet fully reflected in first-quarter imports, so that average import unit values may still continue to rise, wholesale prices apparently reached their peak in January and consequently, with some lags, average import unit values should be expected to decline again. A sustaining effect upon import values may derive, however, from recent price rises for several other important commodities, such as rubber, copper, tin, and cocoa, which were not yet reflected in the first-quarter import data.

Most of the rise in the value of imports by nearly \$400 million from the low point in the third quarter of 1949 can be attributed to the general rise in business activity in the United States, accompanied by a shift in inventory policies, rising prices, and an increased need for primary and semi-processed materials for consumption. The value of imports from Western Europe, which rose about \$40 million from the third quarter of 1949, was still smaller than during the first quarter of 1949. The devaluations, though undoubtedly an important factor, do not appear to have been the primary cause for the large rise in imports during recent months.

Table 1B.—International Transactions  
(Millions of

Item	ERP countries					ERP dependencies					Other Europe				
	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
<b>Exports of goods and services:</b>															
Merchandise, adjusted.....	1,585	1,140	1,068	1,110	4,799	186	101	153	174	704	98	87	42	45	222
Transportation.....	171	162	151	144	636	17	16	14	13	90	5	5	5	5	21
Travel.....	11	14	14	10	49	3	3	3	2	9	1	2	2	1	6
Miscellaneous services:															
Private.....	60	61	63	60	244	2	2	3	2	9	3	1	2	3	6
Government.....	13	16	13	18	58	1	(*)	(*)	2	1	(*)	(*)	1	1	1
Income on investments:															
Private.....	39	28	28	30	126	15	14	24	20	73	(*)	1	(*)	1	2
Government.....	22	5	38	5	70	1	1	1	1	2	1	1	5	1	8
<b>Total.....</b>	<b>1,706</b>	<b>1,424</b>	<b>1,414</b>	<b>1,377</b>	<b>5,817</b>	<b>229</b>	<b>227</b>	<b>197</b>	<b>211</b>	<b>854</b>	<b>103</b>	<b>97</b>	<b>57</b>	<b>58</b>	<b>243</b>
<b>Imports of goods and services:</b>															
Merchandise, adjusted.....	270	293	293	347	1,212	128	161	106	180	624	57	48	49	46	200
Transportation.....	69	81	96	85	331	6	6	5	4	31	3	3	4	2	12
Travel.....	11	31	56	21	119	0	5	5	5	21	1	2	3	1	7
Miscellaneous services:															
Private.....	42	41	41	41	168	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	1	1
Government.....	50	55	57	74	245	3	3	3	3	17	3	3	3	5	16
Income on investments:															
Private.....	47	41	46	67	193	(*)	1	(*)	1	2	(*)	(*)	1	1	2
Government.....	1	1	1	1	3	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
<b>Total.....</b>	<b>508</b>	<b>543</b>	<b>591</b>	<b>528</b>	<b>2,263</b>	<b>203</b>	<b>182</b>	<b>178</b>	<b>192</b>	<b>786</b>	<b>64</b>	<b>58</b>	<b>62</b>	<b>58</b>	<b>238</b>
<b>Balance on goods and services.....</b>	<b>+1,192</b>	<b>+882</b>	<b>+822</b>	<b>+851</b>	<b>+3,549</b>	<b>+20</b>	<b>+49</b>	<b>+19</b>	<b>+19</b>	<b>+208</b>	<b>+44</b>	<b>+39</b>	<b>+5</b>	<b>0</b>	<b>+48</b>
<b>Unilateral transfers (net):</b>															
Private.....	-96	-84	-75	-91	-361	-3	-3	-2	-2	-10	-24	-19	-16	-18	-78
Government.....	-800	-723	-746	-800	-3,151	(*)	+1	(*)	2	+1	+7	(*)	(*)	(*)	+7
<b>Total.....</b>	<b>-768</b>	<b>-806</b>	<b>-821</b>	<b>-891</b>	<b>-3,512</b>	<b>-3</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-9</b>	<b>-17</b>	<b>-19</b>	<b>-16</b>	<b>-19</b>	<b>-71</b>
<b>Balance on goods, services, and unilateral transfers (net foreign investment):</b>	<b>+424</b>	<b>+75</b>	<b>+222</b>	<b>+140</b>	<b>+147</b>	<b>+17</b>	<b>+44</b>	<b>+17</b>	<b>+16</b>	<b>+294</b>	<b>+27</b>	<b>-28</b>	<b>-21</b>	<b>-19</b>	<b>-41</b>
<b>United States capital (net):</b>															
Private long-term.....	-28	-22	+5	-17	-62	+3	-24	-24	-12	-68	+3	-1	-1	-8	-6
Private short-term.....	-79	+1	-14	+33	-39	-3	(*)	+1	-3	-4	-12	-8	-6	+20	+4
Government long-term.....	-456	-33	+6	-430	-909	(*)	(*)	(*)	(*)	(*)	-23	-7	+14	-8	-24
Government short-term.....	+45	-3	-10	-10	+16	-1	+3			+2	(*)			(*)	(*)
<b>Foreign capital (net):</b>															
Long-term.....	-55	-108	-24	+2	-185	+2	-1	-4	-1	-4	(*)	-1	+1	(*)	-60
Short-term.....	+79	-2	+8	+352	+437	-7	-10	+31	-2	+3	(*)	-23	-13	-33	-60
<b>Increase (+) or decrease (-) in gold stock.....</b>	<b>-264</b>	<b>-403</b>	<b>-114</b>	<b>-192</b>	<b>-933</b>	<b>+2</b>	<b>+2</b>	<b>+3</b>	<b>+3</b>	<b>+30</b>	<b>+4</b>	<b>+2</b>		<b>-1</b>	<b>+5</b>
<b>Transfers of funds between foreign areas (receipts from other areas (-), payments to other areas (+)) and errors and omissions.....</b>	<b>+323</b>	<b>+405</b>	<b>+353</b>	<b>+427</b>	<b>+1,688</b>	<b>-13</b>	<b>-5</b>	<b>-14</b>	<b>-1</b>	<b>-31</b>	<b>-1</b>	<b>+28</b>	<b>+28</b>	<b>+33</b>	<b>+134</b>

R Revised.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 1C.—International Transactions of the United  
(Millions)

Item	ERP countries					ERP dependencies					Other Europe					Canada and Newfoundland					Latin American Republics				
	I	II	III	IV	1949	I	II	III	IV	1949	I	II	III	IV	1949	I	II	III	IV	1949	I	II	III	IV	1949
Exports of goods and services:																									
Merchandise, adjusted.....	1,231	1,236	897	908	4,272	210	190	161	166	748	45	48	39	42	174	470	599	453	438	1,900	782	889	822	612	2,704
Transportation.....	180	181	136	107	586	21	19	12	10	63	9	4	3	3	13	18	30	21	13	77	71	54	57	60	282
Travel.....	11	14	14	11	50	3	3	3	1	9	1	1	(*)	(*)	2	25	44	61	30	160	26	34	39	24	120
Miscellaneous services:																									
Private.....	55	56	57	60	223	2	3	3	2	10	2	2	3	2	9	10	10	11	10	41	23	24	26	24	97
Government.....	16	18	15	18	67	(*)	(*)	(*)	1	1	(*)	(*)	1	1	1	1	1	(*)	(*)	2	5	6	7	0	25
Income on investments:																									
Private.....	33	32	38	29	120	16	22	26	31	64	(*)	1	(*)	1	2	79	119	74	90	342	80	100	78	131	389
Government.....	23	5	38	7	73	(*)	(*)	(*)	1	1	3	1	4	1	6	(*)	(*)	(*)	(*)	2	4	3	4	12	12
Total.....	1,523	1,543	1,197	1,131	6,369	260	214	227	203	926	54	57	49	50	210	643	763	629	596	2,572	990	1,131	1,038	864	3,610
Imports of goods and services:																									
Merchandise, adjusted.....	324	243	298	249	1,025	160	163	134	137	601	39	36	35	27	147	323	358	351	443	1,667	674	612	579	638	2,509
Transportation.....	83	114	102	84	393	8	7	5	4	22	3	4	3	13	23	34	27	25	98	34	49	45	48	197	
Travel.....	19	53	51	24	177	10	7	7	6	30	1	1	2	1	5	27	39	150	35	273	50	40	51	41	182
Miscellaneous services:																									
Private.....	49	42	42	43	170	(*)	(*)	(*)	(*)	(*)	1	(*)	2	(*)	1	4	4	5	4	17	5	5	5	4	19
Government.....	70	72	56	59	256	3	4	1	4	12	3	2	2	4	13	3	4	3	4	14	9	10	10	12	41
Income on investments:																									
Private.....	73	50	48	66	237	(*)	1	1	(*)	2	(*)	1	(*)	1	2	14	10	8	13	45	2	2	2	3	9
Government.....	1	1	1	1	4	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	2	3	1	2	7	1	(*)	1	(*)	2
Total.....	623	577	537	528	2,363	215	182	145	181	127	45	45	43	44	180	455	487	483	522	2,023	796	715	694	745	2,953
Balance on goods and services.....	+903	+908	+899	+882	+3,136	+45	+44	+43	+43	+325	+19	+12	+14	+13	+70	+218	+205	+176	+153	+905	+216	+141	+141	+116	+657
Unilateral transfers (net):																									
Private.....	-87	-78	-64	-80	-316	-4	-1	-2	-2	-9	-10	-17	-18	-21	-66	-2	-1	-3	-10	-5	-3	-4	-6	-16	
Government.....	-1,006	-1,248	-982	-861	-4,158	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	-8	-1	-2	-2	-10	-7	-8	-8	-8	-31
Total.....	-1,104	-1,324	-1,046	-941	-4,474	-4	-1	-2	-2	-9	-18	-17	-18	-21	-75	-8	-3	-5	-12	-15	-11	-12	-12	-12	-47
Balance on goods, services, and unilateral transfers (net foreign investment):	-201	-316	-247	-160	-1,338	+31	+43	+38	+29	+196	-2	-5	-12	-23	-47	+148	+276	+170	+123	+329	+183	+132	+133	+160	+616
United States capital (net):																									
Private long-term.....	-12	-9	+13	-27	-36	+6	-30	-13	-19	-37	+3	-9	+1	-3	-20	-38	-88	+63	-81	-133	-138	-87	-118	-656	
Private short-term.....	+11	+63	-34	+23	+79	+1	(*)	(*)	(*)	+1	+10	-10	+3	-8	-3	+7	-2	-3	(*)	+2	+73	+25	-9	+91	
Government long-term.....	-279	-96	0	-13	-388	(*)	(*)	(*)	(*)	-1	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	-13	-6	-16	-4	-33	
Government short-term.....	+2	+2	-149	-32	-170	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
Foreign capital (net):																									
Long-term.....	+22	+23	+4	+25	+78	(*)	-1	(*)	(*)	-1	+1	(*)	(*)	(*)	+1	-22	-3	+8	-14	-27	+6	+1	+2	-7	+4
Short-term.....	+33	-192	-48	+234	+7	+1	+10	+3	-16	-2	-13	-8	+7	+6	-19	+76	-91	+50	+42	+50	+6	+4	+116	+212	
Increase (+) or decrease (-) in United States gold stock.....	-3	-118	-133	+30	-234	+3	+1	+5	+5	+17	-1	+1	+1	+5	+6	-5	-1	-2	-2	-10	-9	-18	+87	+71	+131
Transfers of funds between foreign areas (receipts from other areas (-), payments to other areas (+)) and across and outflows.....	+477	+584	+723	+108	+2,804	-47	-67	-71	-12	-107	-1	+29	+10	+20	+43	-164	-148	-34	-124	-458	-44	-193	-189	-152	-553

of the United States by Area, 1948<sup>1</sup>  
[dollars]

Canada and Newfoundland					Latin American Republics					All other countries					International institutions					All areas				
I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year	I	II	III	IV	Year
483	487	489	519	1,838	862	840	681	779	3,162	650	665	627	678	2,646	2	1	4	20	22	2,622	3,390	3,090	3,235	13,427
15	15	20	16	99	83	106	74	80	343	66	59	56	60	245	1	1	4	3	9	328	367	337	321	1,384
21	81	87	24	113	24	28	30	28	170	5	6	6	5	21						64	83	91	70	306
12	12	16	12	53	21	20	21	21	83	12	13	13	13	21	9	9	13	10	41	119	119	129	131	498
(*)	2	(*)	1	3	6	4	4	4	18	8	7	7	7	28						27	29	24	30	110
68	91	84	104	317	114	136	136	168	544	27	51	62	65	306	3		4		7	266	321	308	378	1,278
(*)	(*)	2		2	2	4	2	4	12	2	2	2	2	8						27	13	80	12	102
548	661	618	679	2,494	1,112	1,136	988	1,074	4,272	777	823	774	890	3,204	16	10	21	33	79	4,484	4,322	4,029	4,287	17,092
329	370	427	476	1,612	721	681	607	638	2,644	377	333	374	372	1,448		7	8		15	1,061	1,883	1,923	2,066	7,322
21	31	25	22	89	65	52	48	55	211	16	16	15	16	63						170	179	193	146	727
24	64	147	42	267	48	39	46	37	171	4	4	4	3	15						93	136	261	169	680
4	5	5	4	18	5	5	5	5	20	1	1	1	1	4						62	52	42	52	209
2	4	3	4	13	13	10	9	9	41	71	91	128	66	348	1	(*)	19	4	24	102	171	224	157	794
7	7	29	13	50	3	2	3	3	11	2	2	2	3	0						56	54	76	78	267
1	1	1	1	4	(*)	(*)	(*)	1	(*)	2	2	2	(*)	0	1	1	2	1	5	3	4	6	4	17
398	462	531	562	2,863	846	796	717	745	3,090	471	425	527	453	1,899	2	8	29	5	44	2,492	3,488	2,735	2,641	19,296
+151	+189	-13	+114	+441	+285	+345	+231	+328	+1,173	+304	+275	+247	+377	+1,304	+13	+2	-8	+28	+35	+1,992	+1,294	+1,294	+1,636	+4,726
+3	-1	-8	-9	-4	-5	-3	-6	-8	-24	-82	-46	-36	-42	-180	-39	-28	-13	-2	-6	-179	-162	-144	-107	-682
-1	-1	-1	-2	-5	-2	-3	-3	-3	-17	-184	-162	-270	-274	-680						-874	-915	-1,235	-1,317	-4,161
+2	-2	-4	-4	-9	-8	-8	-9	-16	-41	-236	-200	-368	-316	-1,068	-33	-38	-15	-35	-121	-1,053	-1,877	-1,389	-1,284	-4,813
+153	+187	-17	+169	+422	+258	+340	+222	+312	+1,132	+79	+175	-61	+43	+245	-29	-86	-23	-7	-86	+439	+737	-105	+332	+1,923
-28	-39	-163	+44	-193	-60	-74	-28	-117	-274	-14	-44	-42	-52	-152						-120	-224	-250	-162	-761
+4	+1	+4	-13	-4	-26	-60	+42	-12	-66	+16	-16	-2	+13	+4						-106	-82	+24	+47	-116
-50	-90	+140		6	-18	-3	-7	-13	-58	+9	+6	+3	+18	+36						-534	-127	+164	-492	-999
(*)			(*)	+12	+79			+41	+9	+4		-21	-9	-17						+83	+83	-31	-25	+43
-4	+21	-11	+16	+24	+9	-8	+3	+7	+10	-1	-4	-9	-10	-22						-47	-96	-45	+18	-170
+85	+52	+96	+101	+385	+36	+63	+10	+58	+93	-45	-17	+24	+55	+88	-251	-51	-25	-31	-308	-104	+13	+201	+299	+649
+29	+41	-2	-1	+77	-13	-81	-85	-28	-179	-82	-112	-165	-139	-509	-1	+7	+13	-20	-1	-348	-524	-329	-328	-1,539
-193	-208	-57	-258	-701	-127	-216	-191	-208	-779	+52	+8	+204	+43	+328	+272	+23	+66	+56	+459	+314	+209	+377	+121	+1,012

States by Area, 1949,<sup>2</sup> and First Quarter, 1950<sup>3</sup>  
[dollars]

All other countries					International institutions					All areas					First Quarter, 1950									
I	II	III	IV	1949	I	II	III	IV	1949	I	II	III	IV	1949	ERP countries	ERP depend- encies*	Other Europe	Canada	Latin American Republics	All other countries	International institutions	Total 1st quarter 1950		
707	712	578	506	2,503	3				3	3,448	3,425	2,770	2,894	12,837	814	142	28	298	599	423		2,424		
73	74	84	49	293	5	5	12	4	27	353	367	318	251	1,290	107	9	2	17	63	36	5	240		
5	6	6	4	29						75	102	120	71	363	8	2	(*)	28	26	3		67		
15	14	13	13	63	12	10	14	16	59	119	123	127	125	494	69	2	2	11	24	13	18	126		
12	19	13	10	64					35	35	64	30	38	150	22	(*)	(*)	1	6	10		39		
60	63	49	86	242	3		4		7	276	339	229	347	1,225	29	15	(*)	70	75	69	4	292		
(*)	2	1	(*)	3						28	12	46	12	98	27		2		2	1		22		
874	892	724	663	3,344	24	20	30	22	96	4,333	4,442	3,685	2,904	16,968	1,674	170	45	531	794	549	27	3,790		
354	314	273	279	1,210		3	12	13	30	1,960	1,761	1,593	1,390	7,144	260	200	46	403	718	339	2	1,968		
13	11	11	9	44						191	209	185	173	798	101	2	2	25	53	8		192		
4	5	5	5	10						111	165	286	116	688	21	9	7	23	59	4		213		
(*)	1	1	1	3						62	83	53	82	210	45	(*)	(*)	4	5	1		55		
48	67	40	53	214	2	(*)	24	2	28	138	159	141	139	570	55	4	2	4	10	50	2	127		
2	2	2	3	9						61	60	61	66	304	58	(*)	(*)	14	2	2		76		
9	1	2	1	6	1	1	2	3	6	7	5	7	6	20	1	(*)	(*)	2	(*)	1		6		
413	404	340	351	1,562	3	4	19	44	64	2,550	2,418	2,346	2,491	9,715	541	286	51	477	841	465	9	2,637		
+361	+491	+384	+392	+1,032	+21	+16	-3	+3	+32	+1,173	+2,424	+1,399	+1,106	+5,241	+333	-46	-6	+64	-47	+144	+21	+653		
-30	-23	-21	-18	-33	-2	(*)			-2	-139	-156	-112	-138	-515	-92	-3	-11	-1	-3	-39		-112		
-277	-268	-275	-177	-950	-24	-36	-24	-20	-104	-1,383	-1,567	-1,201	-1,074	-5,304	-620	(*)	(*)	-2	-7	-146	-24	-1,006		
-267	-296	-296	-196	-1,029	-24	-28	-24	-20	-104	-1,321	-1,563	-1,493	-1,212	-5,819	-688	-3	-11	-3	-10	-121	-24	-1,120		
+134	+202	+48	+307	+430	-8	-22	-32	-17	-74	+292	+441	-64	-107	+422	-255	-49	-17	+51	-57	-37	-8	-467		
-40	-47	-39	-47	-168	-18	-2			-20	-222	-229	-102	-147	-600	-26	-5	-9	-81	-79	-90	+2	-240		
-10	-19	+35	-17	-11	+1	(*)			+1	+19	+117	+43	-10	+164	+51	-2	+13	+4	+85	-3	(*)	+163		
+2	0	-12	-10	-5	-4	-6	-3	-3	-20	-299	-106	-34	-39	-470	-22	(*)	-7	(*)	-15	-14	-11	-72		
-1	(*)	-2	(*)	-3						+1	+2	-144	-82	-178	-28			+1				-27		
0	-2	-8	-3	-5	-75	+2	+157	+2	+80	-72	+17	+166	+12	+128	+21	(*)	+6	+30	-2	+1	+27	+133		
-46	-31	-17	-32	-170	+49	-24	-109	-60	-190	+127	-243	-178	+213	-51	+104	+20	-15	-13	-59	+41	-13	+123		
-64	-49	-46	+24	-135	+10	+12	+16	+23	+48	-69	-169	-21	+165	-164	+111	+3	-3	-11	+25	+23	+16	+243		
+11	-53	-15	+26	-33	+21	+48	+34	+53	+166	+249	+289	+496		+978	+58	+33	-43	+25	+29	+29	+16	+128		

Table 2.—Gifts and Other Unilateral Transfers  
(Millions of dollars)

Item	1945					1947					1948					1949					1950
	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I
<b>Government:</b>																					
<b>Payments:</b>																					
Lend-lease:	107	55	13	2	178																
Civilian supplies for occupied countries:	104	204	114	117	539	219	248	308	247	1,032	387	388	440	225	1,440	287	253	334	185	1,059	109
UNRRA:	550	428	350	185	1,513	285	300	45		630	543	58			1,189	287	253	334	185	1,059	109
Post-UNRRA:																					
Aid to China:	15				15																
War damage payments and other transfers to the Republic of the Philippines:		28	16	17	61	14	19	28	20	81	11	28	45	51	134	53	44	59	47	204	40
Greek-Turkish aid program:									12	12											
Interim Aid:																					
European Recovery Program:																					
International Refugee Organization:																					
Korean Aid Program:																					
Other transfers:	19	34	27	63	143	51	99	48	59	258	85	86	18	41	230	39	49	90	58	236	22
<b>Total payments:</b>	804	740	525	304	2,473	559	656	391	306	1,912	917	941	1,302	1,304	1,844	1,409	1,576	1,447	1,127	5,583	1,049
<b>Receipts:</b>																					
Reverse lend-lease and lend-lease settlements:	18	12	5	3	38	107	51	21	4	185	10	11	5		27	4					
ECA counterpart funds:																					
Other:	29	32	37	30	128	22	15	23	20	80	33	35	41	25	134	11	8				
<b>Total receipts:</b>	47	44	42	33	166	129	66	44	24	205	43	46	47	25	161	15	8				
<b>Net Government payments:</b>	757	696	483	271	2,307	430	590	347	282	1,707	874	895	1,255	1,279	1,683	1,394	1,568	1,447	1,127	5,583	1,049
<b>Private transactions:</b>																					
<b>Payments:</b>	132	188	171	216	707	184	161	177	198	720	185	178	137	177	705	151	139	124	148	563	124
<b>Receipts:</b>	5	7	8	3	23	10	16	15	14	45	16	14	13	10	53	12	13	12	30	47	12
<b>Net private payments:</b>	127	181	163	213	684	174	145	162	184	675	169	164	124	167	652	139	126	112	118	516	112

Source: U. S. Department of Commerce, Office of Business Economics.

Table 3.—International Transactions of the United States

(Millions of dollars)

Item	1948					1949									
	Year					I					II				
	United Kingdom	Other ERP countries	Dependent areas	All other countries	Total	United Kingdom	Other ERP countries	Dependent areas	All other countries	Total	United Kingdom	Other ERP countries	Dependent areas	All other countries	Total
<b>Exports of goods and services:</b>															
Merchandise, adjusted:	451	50	319	904	2,024	177	14	80	222	508	226	23	74	251	578
Transportation:	128	2	27	53	212	28	1	9	15	53	28	2	2	10	54
Travel:	15	1	7	9	33	5	(*)	1	2	8	6	(*)	2	3	11
Miscellaneous services:															
Private:	172	16	8	23	219	43	3	1	5	51	41	3	1	4	48
Government:	12	1	(*)	1	14	(*)	1	(*)	(*)	1	2	1	(*)	(*)	3
<b>Income on investments:</b>															
Private:	74	(*)	69	54	197	18	(*)	14	6	38	24	(*)	15	17	56
Government:	5				5	2				2					
<b>Total:</b>	1,068	70	426	1,338	2,892	374	19	115	258	766	319	26	92	251	748
<b>Imports of goods and services:</b>															
Merchandise, adjusted:	403	8	275	681	1,467	110	1	108	159	278	69	1	50	145	265
Transportation:	55	5	15	31	106	29	2	4	4	39	30	2	4	4	46
Travel:	24	4	18	4	50	4	1	10	1	16	10	1	6	2	19
Miscellaneous services:															
Private:	155	(*)	(*)	(*)	155	37				37	20				36
Government:	21	15	9	8	53	4	2	2	2	11	7	3	2	2	15
<b>Income on investments:</b>															
Private:	111	1	1	2	115	50	(*)	(*)	1	51	20	(*)	(*)	1	51
Government:						(*)		(*)	(*)	(*)	(*)		(*)	(*)	(*)
<b>Total:</b>	778	34	434	686	1,932	236	7	122	163	528	191	7	53	154	445
<b>Balance on goods and services:</b>	+298	+62	+4	+442	+782	+238	+11	-7	+83	+238	+128	+23	+7	+197	+303
<b>Unilateral transfers (net):</b>															
Private:	-40	-11	-3	-12	-71	-9	-2	-4	+1	-14	-8	-3	-1	-3	-14
Government:	-175		+1	+3	-171	-203	-2	(*)	(*)	-203	-205	-2	(*)	(*)	-207
<b>Total:</b>	-215	-11	-2	-9	-237	-212	-4	-4	+1	-217	-213	-4	-1	-3	-221
<b>Balance on goods and services and unilateral transfers (net):</b>	-217	+51	+2	+433	+545	-173	+7	-11	+84	+121	+120	+19	+6	+194	+282
<b>United States capital (net):</b>															
Government, long-term:	-106	-2	(*)	-1	-109	-70	-10		(*)	-80	+11	-29		(*)	-18
Government, short-term:	+1	(*)			+1	(*)				+1	(*)			(*)	(*)
Private, long-term:	-27	(*)	-38	-25	-90	-10	(*)	+1	-12	-39	-2	(*)	-9	-16	-26
Private, short-term:	+1		(*)	+22	+23	-12		-1	+4	-9	+14		(*)	(*)	+14
<b>Foreign capital (net):</b>															
Long-term:	+24		-5	-4	+15	+19	(*)	+1	+2	+28	+12			(*)	+12
Short-term:	+228	-11	+12	-25	+190	-30	-1	+1	-4	-34	-108	-1	+15	+10	-23
<b>Increase (+) or decrease (-) in gold stock:</b>	-748	(*)	-4	-813	-1,565			-2	-67	-69	-162		-1	-56	-219
<b>Transfers of funds between foreign areas (receipts from other areas (-), payments to other areas (+) and errors and omissions:</b>	+1,225	-31	+66	+131	+1,491	+278	+4	+3	-4	+281	+410	+12	-11	-73	+389

Source: U. S. Department of Commerce, Office of Business Economics.

### Balance reached on "invisible" account with the United States

The foreign deficit on service transactions excluding income on investments has steadily declined since 1947 and was apparently eliminated during 1949. Most important in this trend were declining net receipts by the United States for transportation and rising net payments for travel. The decline in net receipts on transportation is largely the result of smaller exports, which reduce receipts from carrying freight to foreign countries, and of somewhat larger imports, the freight for which we have to pay to foreigners if the goods are carried on foreign ships.

The restoration of foreign merchant fleets and the resulting increase in the participation of foreign vessels in the carriage of our trade and of our overseas tourists also strengthened the tendency for our surplus on transportation to decline. This trend can be expected to continue, thus reducing or even reversing the remaining surplus on transportation account of about \$50 million in the first quarter. Tourist expenditures are seasonally low during the first quarter but on an adjusted basis show a steady rise since the end of the war. As these expenditures appear to be still low in relation to current incomes, they are likely to continue upwards for several years as additional shipping facilities become available.

The improvement in foreign dollar receipts through service transactions may be offset, however, by the greater dollar

requirements for interest and profit payments on American investments abroad. During 1949 United States receipts on this account amounted to over \$1.3 billion. With increased private investments and with interest on the \$4.4 billion loan to the United Kingdom starting in 1951, the combined balance on service accounts and income on investments should not be expected to change significantly in favor of foreign countries.

### Increased foreign reserves desirable

Even if the merchandise, service, investment-income, and private long-term capital transactions in the balance of payments of the United States with the rest of the world as a whole were as close to a balance in the first quarter of 1950 as the data indicate, not only the continued large dollar deficit of Western Europe and Japan at an annual rate of about \$2.5 billion, but also the need to replenish reserves make continued Government aid as envisaged by the Marshall Plan indispensable.

Gold and short-term dollar assets of all ERP countries (except Switzerland) at the end of the first quarter amounted to approximately \$6 billion, over \$600 million more than at the end of September 1949. At the beginning of the European Recovery Program these assets were \$5.9 billion and at the end of the war \$8.7 billion. At the end of 1949 the gold and dollar assets of the ERP countries (excluding Switzerland)

With the Sterling Area 1948-49, and the First Quarter 1950

(Millions of dollars)

1949—Continued										First Quarter 1950				
III					IV					Year				
United Kingdom	Other ERP countries	Dependent areas	All other countries	Total	United Kingdom	Other ERP countries	Dependent areas	All other countries	Total	United Kingdom	Other ERP countries	Dependent areas	All other countries	Total
162	15	90	160	433	158	20	88	144	390	723	72	322	783	1,002
22	1	7	11	41	21	1	5	11	38	99	6	29	134	225
0	(*)	2	3	11	6	(*)	1	2	9	23	(*)	6	10	39
42	1	1	3	49	41	2	1	3	49	107	7	4	19	127
2	(*)	(*)	(*)	2	1	1	1	(*)	3	5	3	(*)	(*)	9
26	(*)	10	9	54	16	(*)	25	12	57	34	(*)	70	45	205
2	(*)	(*)	(*)	2	2	(*)	(*)	(*)	2	4	(*)	(*)	(*)	4
262	17	119	194	592	243	24	114	175	545	1,100	87	433	910	2,641
68	(*)	58	108	234	73	2	82	145	302	330	4	385	557	1,207
31	2	3	8	39	24	2	3	8	37	120	9	14	29	150
17	2	6	2	27	4	1	5	1	11	35	5	27	6	73
48	2	1	2	48	40	(*)	3	2	40	156	(*)	0	8	156
5	(*)	(*)	(*)	10	6	(*)	(*)	(*)	16	22	12	(*)	(*)	51
29	(*)	(*)	1	30	35	(*)	(*)	1	37	144	(*)	(*)	4	148
(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
138	6	88	110	342	182	9	93	152	436	197	29	376	589	1,791
+72	+11	+51	+78	+212	+60	+15	+11	+23	+109	+309	+38	+82	+321	+769
-11	-2	-2	(*)	-10	-9	-2	-2	-3	-16	-32	-8	-8	-5	-54
-251	-1	(*)	-1	-253	-227	-5	(*)	(*)	-227	-281	-10	(*)	-1	-292
-287	-3	-2	-1	-293	-231	-7	-3	-3	-243	-1,013	-18	-9	-6	-1,046
-188	+8	+46	+77	-61	-171	+8	+8	+20	-134	-704	+49	+53	+315	-296
+7	-13	(*)	+1	-5	+19	-13	(*)	(*)	+6	-33	-65	(*)	+1	-97
-19	(*)	(*)	-7	-20	-15	(*)	(*)	+1	-14	-34	(*)	(*)	-2	-36
-6	(*)	-2	-24	-32	-19	(*)	-18	-7	-42	-37	(*)	-23	-58	-118
-42	(*)	(*)	+1	-41	+20	(*)	-1	-4	-45	-20	(*)	-2	+1	-21
+39	(*)	(*)	(*)	+10	+30	(*)	(*)	+1	+31	+71	(*)	+1	+2	+72
+49	-1	+16	+6	+20	+35	-1	(*)	+2	+33	+54	-4	+34	+10	+72
-294	(*)	-1	-69	-323	(*)	(*)	(*)	-29	-20	-486	(*)	(*)	-191	-641
+478	+8	-42	-12	+402	+361	+8	+7	+11	+125	+1,267	+29	-87	-78	+1,151



equalled not quite the value of their imports for 3 months, as compared to over 9 months at the beginning of the war, indicating the relatively slender reserve margin at which these countries are still operating.

The increase in reserves not only provides a cushion against fluctuating dollar receipts from exports and other sources (thus stabilizing foreign purchases and providing an anti-cyclical factor for our own economy) but also constitutes an essential condition for the relaxation of exchange restrictions and for the reconstitution of multilateral trading. Thus, an increase in reserves either for each country separately or for the ERP countries as a whole, as envisaged by the creation of the European Payments Union, and a further strengthening of the economies of Europe and Japan appear as an essential object for continued Government aid to these countries.

As the need for economic aid resulting from the devastations and dislocations of the last war declines, new require-

ments for assistance have developed, such as military assistance to countries in Europe and South East Asia and economic and technical assistance for underdeveloped countries that can only look to the United States for the outside aid they require in raising their standard of living.

# NOTE

The balance of payments data for the years 1946 to 1949 represent revisions of those previously published in "The Balance of International Payments of the United States, 1940-49." Official data for earlier years are summarized in that bulletin.

The principal revisions were made in the transportation and the Government miscellaneous services account. The new data on ocean freight receipts in the transportation account are based on questionnaires which were used for the first time in the last half of 1949; the estimates for the earlier period are based on data collected by the Maritime Commission. The revisions of the estimates of payments on ocean freight are mainly due to a new appraisal of the structure of freight rates applying to imports to the United States on foreign vessels.

The changes in Government service expenditures are due to shifting of "sales" by the armed forces from merchandise receipts to service payments, where the amounts of such sales are deducted from personnel expenditures by armed forces in foreign countries. This shift was made on the new assumption that most of these sales are made to American personnel, and that to the extent to which the pay of personnel is used for purchases from Army establishments, the transactions are domestic and not part of the balance of international payments of the United States.

Revisions in the estimates of the movement of private United States capital, interest on private investments abroad, and other accounts are based on more complete information than was previously available.

Table 4.—Exports of Goods and Services and Means of Financing  
(Millions of dollars)

Item	1946					1947					1948					1949					1950
	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I
Exports of goods and services.....	3,338	3,897	3,784	3,723	14,741	4,808	5,265	4,838	4,595	19,506	4,484	4,322	4,023	4,257	17,092	4,323	4,442	3,685	3,508	15,958	3,198
Means of Financing.....																					
Foreign sources:																					
United States imports of goods and services.....	1,677	1,651	1,784	1,871	6,983	1,938	2,108	1,986	2,212	8,259	3,402	2,499	3,735	3,641	10,358	2,559	3,418	2,348	2,401	9,716	2,837
Liquidation of gold and dollar assets.....	318	305	309	800	1,932	1,192	1,180	798	1,235	4,405	325	529	148	-220	780	-8	373	-89	-449	2	-471
Dollar disbursements (net) by—																					
International Monetary Fund.....																					
International Bank.....																					
U. S. Government:																					
Grants and other unilateral transfers (net).....	767	998	494	351	2,610	490	472	531	484	1,977	374	915	1,235	1,117	4,181	1,292	1,557	1,291	1,074	5,304	1,008
Long- and short-term loans (net).....	367	710	1,058	515	2,650	850	1,539	1,200	300	3,899	900	44	-153	517	907	294	104	178	67	650	99
United States private sources:																					
Remittances (net).....	127	161	109	306	679	174	143	162	184	663	178	162	144	167	651	138	126	112	138	516	112
Long- and short-term capital excluding purchases of obligations issued or guaranteed by the International Bank (net).....	110	110	93	72	385	382	197	120	157	756	225	300	228	115	968	186	120	184	157	616	83
Errors and omissions.....	-43	+20	-02	-95	-119	-152	-322	-234	-52	-080	-314	-200	-377	-121	-1,012	-200	-250	-400	+50	-076	-188

1 Excluding \$7 million of long-term and \$1 million short-term notes guaranteed by the International Bank.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 5.—Movements of United States Long-Term Capital  
(Millions of dollars)

Item	1946					1947					1948					1949					1950
	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	Total	I
Government:																					
Outflow:																					
British loan.....			400	200	600	500	850	1,300	100	3,850	200				200						
Credits on sale of surplus property and surplus vessels.....	61	328	390	72	751	80	59	62	65	273	137	40	13	4	192	10	8			24	
Export-Import Bank.....	137	336	230	243	946	261	249	41	205	757	170	145	70	99	484	50	42	28	30	103	51
European Recovery Program.....													1	475	476	281	98	16	30	428	54
Long-term credits.....	283	163	76	30	547						1	1			2	1	1	2		4	1
Subscriptions to:																					
International Bank.....		150		150	318		158			317											
International Monetary Fund.....				5	5					5											
Other.....	7	31	80	23	141	51	67	11	42	171	6	3	4	9	18	11	12	22	14	50	13
Total outflow.....	484	1,016	1,111	728	3,339	3,932	1,473	1,425	413	7,143	617	189	86	550	1,442	369	141	78	80	675	121
Inflow (payments):																					
Export-Import Bank loans.....	8	4	9	7	28	23	7	19	23	72	32	12	161	13	221	42	21	26	11	100	30
Other loans.....	11	24	7	16	58	30	61	78	47	222	51	50	76	45	222	22	34	15	34	105	19
Total inflow.....	19	28	16	23	86	53	68	97	70	294	83	62	240	58	443	64	55	41	45	205	49
Net outflow of Government long-term capital.....	464	988	1,095	715	3,253	3,779	1,405	1,328	343	6,849	534	127	-154	492	999	295	106	34	35	470	72
Private:																					
Outflow:																					
Net purchases of obligations issued, or guaranteed by, the International Bank.....								243		243			7		7	18	2			30	-2
Direct investments.....	161	167	220	249	801	210	216	239	241	916	250	328	368	302	1,334	340	423	287	337	1,417	104
Other.....	109	98	35	44	333	134	65	31	14	244	30	80	101	15	266	9	7	112	37	165	141
Total outflow.....	314	265	294	293	1,136	344	281	270	255	1,188	280	388	469	317	1,604	377	433	399	374	1,682	143
Inflow:																					
Direct investments.....	30	22	211	235	618	48	73	47	40	217	129	134	238	204	609	128	141	109	143	583	4
Other.....	163	135	80	72	450	141	138	78	82	401	42	50	43	41	170	20	32	38	99	219	73
Total inflow.....	243	227	290	297	1,077	189	211	125	122	618	171	184	271	245	779	148	173	247	242	802	77
Net outflow of private long-term capital.....	71	38	-25	-14	58	155	118	145	133	570	109	204	265	162	825	229	262	192	131	879	166

1 Preliminary estimate for net outflow of direct investments.

Source: U. S. Department of Commerce, Office of Business Economics.